Month's total is 730,540

May car output highest since 1979

By Joe Wilssens
Staff Writer

U. S. auto manufacturers concluded May production with their best totals for that month in five years.

Domestic auto makers wrapped up May production at an estimated 730,540 cars, up 19.50 percent from 611,350 units assembled during the year-ago month. It is the best May output since 935,198 cars were completed in 1979.

Assembly totals for May were 7.62 percent better than the April, 1984, build of 678,836.

The industry targeted completion of 136,303 cars last week, down 11.77 percent from the previous week's 154,490 due to Memorial Day holiday-shortend work schedules. Last week's tally was 6.57 percent greater than 127,900 assembled during the year-ago week.

So far this year, 3,621,465 cars have been completed, a 32.12 percent improvement from 2,741,097 units finished at this time last year.

Breakdown for the week by company was: General Motors, 53.85 percent; Ford Motor Co., 22.91 percent; Chrysler Corp., 17.28 percent; American Motors, 2.82 percent; Honda, 1.76 percent, and Volkswagen of America, 1.38 percent.

Auto producers last week scheduled 13 plants for daily or Saturday overtime.

At GM, seven plants worked Saturday (June 2) overtime shifts. They were: Arlington (Tex), Detroit, Doraville (Ga.), Flint (B and G lines), Framingham (Mass.), Lordstown (O.) and Oklahoma City.

Chrysler scheduled daily and Saturday overtime at all five of its auto facilities. The company's Belvidere (Ill.), Newark (Del.) and St. Louis plants No. 1 and No. 2 worked two daily 9-hour shifts while Jefferson (Detroit) worked two daily 8½-hour shifts. All five plants scheduled two 8-hour Saturday shifts.

Ford's Wayne (Mich.) facility also scheduled Saturday overtime.

Ford announced that a second shift will be added at the company's Atlanta facility July 30. The extra shift will employ 1,200 additional workers building LTD, Marquis, Cougar and Thunderbird models.

GM's seat-belt insurance worth little, Nader says

WASHINGTON — General Motors' free one-year $10,000 accident insurance certificate for new-car buyers who die while wearing seat belts was criticized by Ralph Nader and the National Insurance Consumer Organization.

The consumer group valued the certificate at 89 cents for people who wear seat belts. That would have been the payoff per belted victim in 1983 if everyone wore seat belts and fatalities were thereby cut in half, according to NICO.

". . . If the threat of death itself only gets 15 percent of the people in this country to wear seat belts, the possibility of someone's family getting a few thousand dollars will have marginal, if any, effect in terms of getting people to buckle up," Nader said.

He called on GM to end its opposition to passive restraints.

A GM spokesman said insurance payout statistics aren't what is important: "It is no secret that GM is a strong advocate of getting people to use seat belts," he said. "What this $10,000 is saying is, 'Hey, use your seat belts.'"

Caldwell cited by Hall of Fame

DEARBORN. — Philip Caldwell, chairman and chief executive officer of Ford Motor Co., has been cited by the Automotive Hall of Fame as Industry Leader of the Year.

The award was presented here during the Automotive Hall of Fame dinner.

Truck production for May reaches five-year high

Domestic truck manufacturers targeted completion of 285,032 units during May, the best build for that month since 338,961 were finished in 1979.

Last month's total was 11.05 percent higher than the 256,669 completed in April, 1984 and 36.52 percent higher than the 208,784 finished in May, 1983.

Because of the Memorial Day holiday, U. S. truck makers slated assembly of 52,797 units last week, down 17.44 percent from the prior week's 63,948. Last week's build remains 22.24 percent ahead of the year-ago week's 43,191.

Year-to-date, manufacturers have produced 1,357,576 trucks, 43.76 percent greater than 944,374 finished at this time in 1983.

Five truck facilities scheduled Saturday overtime last week.

General Motors scheduled extra Saturday (June 2) hours at four plants. They were: Detroit, Janesville (Wis.), Lordstown (O.) and St. Louis.

Ford Motor Co.'s Kansas City facility also worked Saturday.

Canadian makers schedule highest car total of 1984

Canadian auto and truck production rose last week as the manufacturers returned to regular work schedules following the previous week's Victoria Day holiday.

May auto production was targeted at 106,079 units, 0.21 percent greater than 105,854 completed during the fifth month last year. May's output was 9.34 percent higher than the April, 1984, build of 97,020 cars.

Canadian auto makers slated production of 25,012 units last week, 16.05 percent above the previous week's 21,553 and 15.34 percent higher than the year-ago week's 21,685. Last week's build was the highest weekly auto output recorded this year.

So far this year, the manufacturers have assembled 493,200 cars, 9.79 percent greater than 449,216 autos completed at this time last year.

Canadian truck manufacturers estimated production of 75,890 trucks during May, an impressive 47.76 percent improvement over the May build of 51,359 trucks last year. May's tally was 7.54 percent better than the April, 1984, assembly of 70,573 trucks.

The makers scheduled completion of 17,938 trucks last week, 9.96 percent better than the prior week's 16,314 and 55.07 percent higher than the year-ago week's 11,568.

Year-to-date, 365,325 trucks have been completed, 59.32 percent more than the 229,298 assembled at this point in 1983.

Chrysler Corp. estimated production of 2,286 Dodge Caravans, 2,274 Plymouth Voyagers and 912 Mini Ram Vans at its Windsor (Ont.) plant last week, bringing the year-to-date T-115 total to 95,035.

CANADIAN CAR PRODUCTION

	Week Ended June 2, 1984	Week Ended June 4, 1983	Week Ended May 26, 1984	May Est.	Jan. 1, to June 4, 1983	Jan. 1, to June 2, 1984
AMERICAN MOTORS	600	818	486	2,033	13,567	10,425
CHRYSLER CORP.		3,488			101,976	
FORD MOTOR	10,676	4,378	9,529	46,881	88,407	191,826
GENERAL MOTORS	13,511	12,776	11,358	56,186	240,676	286,174
VOLVO	225	225	180	979	4,590	4,775
Total Cars, Canada	25,012	21,685	21,553	106,079	449,216	493,200

TRUCK PRODUCTION IN U. S.†

	Week Ended June 2, 1984	Week Ended June 4, 1983	Week Ended May 26, 1984	May Est.	Jan. 1, to June 4, 1983	Jan. 1, to June 2, 1984
CHEVROLET	16,411	15,469	19,062	86,219	326,157	426,791
DODGE	3,200	2,590	4,152	18,198	57,352	89,500
FORD	20,889	16,406	25,694	114,119	372,776	523,823
GMC	5,321	4,320	6,443	28,957	109,757	138,696
INTERNATIONAL	1,386	1,005	1,603	7,294	21,225	32,637
VOLKSWAGEN					2,079	
JEEP	3,050	2,561	3,881	16,876	32,978	81,773
NISSAN	1,700		2,053	8,749		40,826
AM GENERAL	40*	40*	50*	220*	1,050*	1,130*
MISCELLANEOUS	800*	800*	1,000*	4,400*	21,000*	22,400*
Total Trucks, U. S.	52,797	43,191	63,948	285,032	944,374	1,357,576

CANADIAN TRUCK PRODUCTION

	Week Ended June 2, 1984	Week Ended June 4, 1983	Week Ended May 26, 1984	May Est.	Jan. 1, to June 4, 1983	Jan. 1, to June 2, 1984
CHRYSLER CORP.	8,160	1,756	8,295	34,831	59,329	157,736
FORD MOTOR	3,360	3,604	2,715	14,836	59,517	70,889
GENERAL MOTORS	6,248	6,208	5,167	25,497	107,236	133,529
INTERNATIONAL	170		137	726	3,216	3,171
Total Trucks, Canada	17,938	11,568	16,314	75,890	229,298	365,325
N. American Trucks	70,735	54,759	80,262	360,922	1,173,672	1,722,901

†—Now includes window van production. *—Estimated.
Jeep includes commercial only. AM General includes government-destined vehicles.

U. S. CAR PRODUCTION

	Week Ended June 2, 1984	Week Ended June 4, 1983	Week Ended May 26, 1984	May Est.	Jan. 1, to June 4, 1983	Jan. 1, to June 2, 1984
AMERICAN MOTORS	3,850	3,959	4,859	21,209	75,586	87,389
AMC Total					4,071	
Eagle					4,071	
Renault Total	3,850	3,959	4,859	21,209	71,515	87,389
Alliance	1,950	3,959	2,477	11,286	71,515	46,835
Encore	1,900		2,382	9,923		40,554
CHRYSLER CORP.	23,550	18,278	24,569	121,520	366,470	576,549
Plymouth Total	6,050	5,864	6,845	34,687	131,959	169,443
Horizon	2,200	2,374	2,723	14,423	45,279	69,090
Reliant	3,400	3,280	3,612	17,083	84,394	87,695
Caravelle†	200	210	193	950	2,286	4,128
Gran Fury	250		317	2,231		8,530
Chrysler Total	8,300	4,732	8,355	41,572	89,552	192,900
LeBaron	2,500	2,417	2,628	12,971	42,676	57,984
Laser	1,400		1,539	7,670		35,115
Chrysler E-Class	2,400	2,315	2,303	11,004	46,876	49,130
Fifth Avenue	2,000		1,885	9,927		50,671
Dodge Total	9,200	7,682	9,369	45,261	144,959	214,206
Omni	3,500	2,910	3,175	14,433	49,916	66,010
Aries	2,400	3,003	2,613	13,416	62,078	68,965
Daytona	900		1,071	5,016		26,561
Dodge 400		857			15,658	
Dodge 600	1,400	912	1,599	7,718	17,307	37,136
Diplomat	1,000		911	4,678		15,534
FORD MOTOR	31,221	30,698	37,838	170,673	638,055	776,677
Ford Division	20,531	19,209	24,736	111,470	414,600	508,245
Escort	6,952	4,399	7,614	34,873	177,208	157,759
Fairmont					23,728	
Mustang	2,525	2,796	3,195	13,988	56,979	58,404
LTD	3,325	3,073	4,369	18,786	77,409	99,045
Thunderbird	2,891	5,029	3,529	15,347	90,440	71,274
Crown Victoria	1,038	1,833	1,309	6,300	39,282	34,427
EXP	531		540	2,544	1,184	13,959
Tempo	3,269	2,079	4,180	19,632	8,370	73,377
L-M Division	10,690	11,489	13,102	59,203	223,455	268,432
Mercury Total	7,801	9,285	9,559	42,427	176,382	193,778
Lynx	1,076	1,470	1,161	5,439	29,033	30,464
Capri	378	494	518	2,165	11,121	8,482
Zephyr					8,601	
Marquis	2,238	1,775	2,598	12,020	32,670	49,226
Cougar	1,562	3,232	2,071	9,362	45,633	44,611
Grand Marquis	1,856	1,700	2,305	9,609	46,246	41,826
LN7					290	
Topaz	691	614	906	3,832	2,788	19,169
Lincoln Total	2,889	2,204	3,543	16,776	47,073	74,654
Continental	761	220	937	4,433	7,400	15,938
Lincoln	1,806	1,250	2,215	10,492	23,810	43,494
Mark VI/VII	322	734	391	1,851	15,863	15,222
GENERAL MOTORS	73,402	71,748	81,669	393,382	1,607,315	2,075,007
Buick Division	17,389	17,600	18,673	87,417	371,206	445,755
Skylark	1,671	2,901	2,135	9,229	42,714	42,833
Skyhawk	2,409	1,090	3,014	13,190	30,980	70,898
Century	4,010	3,167	4,049	19,815	64,978	98,608
Regal	3,960	4,374	3,947	19,449	108,364	98,161
Buick	3,282	5,171	3,116	14,987	105,953	96,684
Riviera	713	897	895	4,011	18,217	23,447
Electra (fwd)	1,344		1,517	6,736		15,124
Cadillac Division	5,355	4,672	6,118	26,999	144,497	147,010
Cimarron	195	193	226	1,190	9,433	8,180
Seville	679	491	887	3,947	15,671	18,542
Eldorado	1,344	1,125	1,687	7,538	34,079	34,513
Cadillac	1,746	2,863	1,757	7,646	85,314	70,153
DeVille (fwd)	1,391		1,561	6,678		15,622
Chevrolet Division	23,561	23,686	26,557	135,504	503,623	712,137
Chevette	982	3,512	1,510	14,116	83,014	94,912
Cavalier	6,535	5,267	7,204	36,158	106,452	180,490
Celebrity	5,635	3,649	5,748	28,029	41,275	132,380
Camaro	4,387	2,966	5,429	23,457	83,097	115,724
Citation	1,795	1,199	2,149	9,961	50,289	48,441
Malibu/El Camino	742	3,267	733	3,653	66,232	15,763
Monte Carlo	839	1,736	868	5,906	39,908	57,638
Chevrolet	2,116	1,594	2,294	11,484	24,472	52,309
Corvette	530	496	622	2,740	8,884	14,480
Oldsmobile Division	18,793	18,045	21,143	97,727	424,088	522,012
Omega	785	1,191	1,066	4,412	27,073	23,165
Firenza	1,453	869	1,899	8,198	20,506	35,018
Cutlass Supreme	3,235	5,037	3,184	17,156	123,404	139,871
Cutlass Ciera	5,483	3,670	5,687	26,959	81,912	123,346
Oldsmobile	5,552	6,620	6,375	29,511	154,097	163,983
Olds 98 (fwd)	1,497		1,966	7,161		16,249
Toronado	788	658	966	4,330	17,096	20,380
Pontiac Division	8,304	7,745	9,178	45,735	163,901	248,093
Acadian†		339	19	1,102	7,871	8,375
2000 Sunbird	3,036	2,318	3,158	15,375	42,749	66,195
1000	346	1,000	368	3,476	17,568	19,049
Firebird	1,841	1,545	2,343	9,969	39,715	48,850
Phoenix	685	565	883	3,685	12,569	9,868
Grand Prix/Bonneville		1,978			43,429	29,733
Parisienne	242		267	1,299		12,743
Fiero	2,154		2,140	10,829		53,280
HONDA	2,400	902	2,984	12,837	13,648	54,775
VOLKSWAGEN	1,880	2,315	2,571	10,919	40,023	51,068
Total Cars, U. S.	136,303	127,900	154,490	730,540	2,741,097	3,621,465
Total Cars, Canada	25,012	21,685	21,553	106,079	449,216	493,200
N. American Cars	161,315	149,585	176,043	836,619	3,190,313	4,114,665
N. American Trucks	70,735	54,759	80,262	360,922	1,173,672	1,722,901
North American Cars and Trucks	232,050	204,344	256,305	1,197,541	4,363,985	5,837,566

†—All Acadians and Caravelles are built for sale in Canada. *—Estimated.

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Automotive News

June 11, 1984

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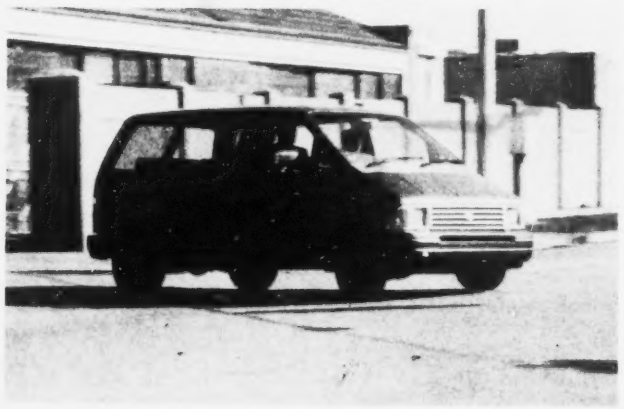
Aerostar profile



Jim Dunne

Rear-drive for upcoming Ford van

Ford's Aerostar commercial van/passenger wagon will have rear drive like the current passenger van, which will continue to be built after Aerostar's introduction later this year. With a 2,000-pound inside load capacity and strength to pull 5,000 pounds, the new 174.9-inch van will be available with three engines coupled with either five-speed manual or four-speed automatic transmission.

U.S. makers face decade of fierce battles for sales

By Michelle Krebs
Financial Editor

U.S. auto manufacturers face stiffer competition for sales on their own turf in the next decade than they have ever experienced before, according to the latest Automotive News World Outlook.

The quarterly service of Data Resources, Inc. (DRI), and AUTOMOTIVE NEWS shows U.S. car sales holding at the 10.6-million-unit level through this year and next, then rising slowly to peak at 11.86 million by the end of the decade.

However, expansion of domestic manufacturers' sales appears to be over for now. Domestic sales will hit 8.1 million units this year but are expected to drop below 8 million by mid-decade. Only in the light-truck segment, which includes the popular minivans, will U.S. car companies experience growth, the survey found.

"Total (U.S.) car sales will be increasing through 1990 at a reasonable clip but, unfortunately, virtually all of the increase will be going to cars sourced offshore, which will be virtually all Japanese," said John Hammond, DRI's U.S.-based auto analyst.

"The volume for what we have, up until now, considered traditional U.S. manufacturers could actually decline.

"Internationally, the issue is everybody is trying to get into everyone's backyard," Hammond added. And, for now, the U.S.' backyard appears greenest.

Japanese auto makers will continue direct exports to the U.S. in order to appease their unions by maintaining employment in their home factories and to produce profits for plant modernization.

"If anyone's going to make direct export growth, then the Japanese are going to want it for themselves," said John Lawson, DRI's London-based auto analyst.

However, not only will the Japanese compete via direct exports to the U.S., they will have their own plants on U.S. soil for final assembly. Sales from those plants will be counted as U.S. domestic sales.

If the Japanese auto companies follow through on present plans, Lawson said, they will have a half million units a year of capacity in the U.S. by the end of the decade, and that number could easily reach a million units by 1990.

Present plans call for Japanese auto makers to build annually 350,000 Hondas, 200,000 Toyotas and 200,000 Nissans in the U.S. by the end of the decade.

"It's fairly clear that Mazda and Mitsubishi aren't going to be left out, and they're all formulating at least contingency plans for American production," said Lawson. Mazda, in fact, has been shopping for a U.S. location.

The Japanese car companies are not the sole threat to the domestics; the other comes from across the Atlantic.

European auto makers — especially luxury-model producers

Continued on Page 66, Col. 1

Anti-subsidy hearing raises host of questions

FTC to probe bootlegging by fleets

By Helen Kahn
Washington Bureau Chief

WASHINGTON. — The FTC is opening an investigation into NADA charges of fleet/lease companies "bootlegging" cars in direct competition with dealer new-car sales.

So far this is the only real action amid the great brouhaha raised by the revised NADA anti-fleet-subsidy bill before a House Commerce subcommittee.

Hearings on the revised bill, H.R. 5305, were held last week.

Whether the FTC investigation by the Bureau of Competition will extend to alleged dealer injury from the fleet/lease company high-volume sales in the used-car market where dealers compete and whether it will also extend into the area of price discrimination between retail sales and sales to leasers is not yet clear.

In fact, the first questions to be addressed are whether there are price differences that are not cost-justified and whether dealers and fleet/lease companies are in direct competition — and answers here should determine whether the existing Robinson-Patman Act and/or section 5 of the FTC Act are adequate remedies.

If so, then the special bill backed by Rep. Gene Taylor, Missouri Republican (a former Ford dealer), and NADA may not be needed.

Another issue that muddied the waters considerably was that all sales to fleets and lease companies are made through franchised dealers and all dealers who now merely sell cars could also become lessors and thus reap the incentives they label "unfair."

But Taylor—joined by Rep. James J. Florio, New Jersey Democrat—did not think dealers should be forced to become lessors to overcome alleged price discrimination or to erect what might be a mere shell of a corporation.

On the other hand, both Ford Motor Co. and General Motors noted that since the vast majority of dealers are already lessors, they are not affected by the discrimination — excluding, of course, the charges involving "fleet dumping" of used cars and "bootlegging."

• Taylor and NADA maintain there is direct competition between fleets and dealers.

During the hearing, both auto makers and fleet/lease companies contended that their markets are different — the primary difference whereas the fleet buyer does his own preventive maintenance and service.

In addition, it was noted that manufacturers sometimes used fleets for cars which the makers were finding hard to sell — what Florio described not as the free market working but market "intervention" or "subsidy" by the manufacturers. But there was not even agreement on who got the hot-selling models—dealers or fleets.

While Taylor and NADA view the bill as one to preserve the franchise system as the best possible way to distribute cars, the leasing companies, the FTC and the Justice Department view the dual distribution as being more efficient both from the manufacturing and consumer angles.

The troublesome question of what effect the NADA bill barring any price discrimination would have on consumers was not clear. As Rep. John Dingell, Michigan Democrat, noted, sales to utilities, for example, would become part of rate-making and

Continued on Page 68, Col. 1

In case you were wondering . . .

AUTOMOTIVE NEWS' annual report on the specialty-car market will be found in today's issue, following Page 36.

The report was scheduled to be published in last week's issue, but because of a mix-up at the printing plant it did not appear in all copies. We apologize for any confu[illegible] ma[illegible]

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breaking news

Chrysler offers incentives on H-car demos

DETROIT.—Chrysler notified dealers of a demonstrator incentive program on its 1985 H-cars, the Dodge Lancer and Chrysler LeBaron GTS. Orders must be placed by July 15, and the units must be kept in service for at least 60 days. Dealers get $300 on high-line Lancer and LeBaron GTS models, $500 on premium Lancer ES and $600 on premium LeBaron GTS models. Depending on size of their dealerships, they can order from one to four units (the top number is for dual Dodge and Chrysler-Plymouth outlets).

NHTSA subpenas data on GM A and J-cars

WASHINGTON. — NHTSA has asked General Motors for sworn statements involving, in part, corrosion on front caliper pins and premature rear brake lockup on its A and J-cars. This is an area in which both the Center for Auto

See BREAKING NEWS, Page 8, Col. 1

April up 15 pct. over last year

Another big gain for shop volume

By Francis J. Gawronski
Service Editor

Service and parts business in new-car dealerships continued to rebound with the nation's economy in April as the rate of growth, although slightly below that of March, topped 15 percent for the fourth consecutive month.

According to the Automotive News Service Index, shop volume in April amounted to 115.1 percent of the business recorded in the same month of 1983.

In January, parts and service business opened the year at 118.5 percent of the year-earlier volume and jumped to a record 126.2 percent of 1983's business in February. In March, shop business was 115.3 percent of the volume the year before.

The increase in April marked the 14th consecutive month in

Table on Page 65.

which shop volume outpaced the business recorded the same month the year before.

April also marked the 12th consecutive month that all five indicators used in compiling the Service Index scored gains, with shop parts sales — those used on both customer-paid and warranty repairs, up 21.4 percent.

Sales of all parts and accessories were up 17.9 percent, followed by gross profit on all labor, parts and accessory sales — the most important indicator from the dealer's viewpoint—up 16.8 percent.

Total labor sales (both customer-paid and warranty) increased 15.4 percent, while repair orders written climbed 6.3 percent over the year-earlier total.

Figures used in the Service

Continued on Page 65, Col. 3

Chrysler to buy Mitsubishi V-6; pact is extended

By Kathleen Hamilton
Assistant Managing Editor

Chrysler Corp. will continue to buy Mitsubishi cars through 1995 and a new Mitsubishi V-6 engine for five years beginning in late 1986, the companies announced.

The sales agreement had been scheduled to end in 1990. The new agreement, scheduled to be signed by the end of this year, also gives Mitsubishi's own U.S. marketing arm, Mitsubishi Motor Sales of America, a potentially larger share of any increases allowed the parent company if export quotas are raised.

And it spells out what shares MMSA and Chrysler would take, should Mitsubishi begin building cars in the U.S.

Chrysler said the Mitsubishi fuel-injected V-6 will be used only in its larger cars and minivans. Its development of its own V-6 for trucks will not be affected, a Chrysler spokesman said.

Chrysler Chairman Lee A. Iacocca has said Chrysler is considering its shuttered Windsor engine plant as the source of the truck V-6, if it gets the final green light.

The number of V-6 sales to Chrysler is still being negotiated. Right now, Chrysler buys more than 200,000 Mitsubishi 2.6-liter fours annually. They are used in Chrysler minivans, Dodge 600, LeBaron, E-Class, New Yorker and Town and Country.

The Mitsubishi 2.6-liter will be phased out in favor of the more powerful V-6, still under development in Japan.

• Chrysler and Dodge dealers have been selling Mitsubishi cars and trucks since 1970. The new agreement assures that the supply will continue until March 31, 1995. The contract will be renewed annually thereafter, but a five-year notice of termination is required.

The pact is especially important to MMSA, which was launched amid "voluntary" export quotas. The result has been a company with enough cars to sell in less than half the country.

"What this new agreement does through 1995 is to clarify the distribution of any available volume increases between the two chains of distribution," said Richard Recchia, MMSA executive vice president.

"Under the previous agreement, it would have been possible that between now and 1990, we would have been getting a miniscule share of any increase" allowed under any quota increases, he said.

"For three or four years, we wouldn't be able to grow," Recchia continued. "Growth is a very essential part of our plans now.

"We (at MMSA) view it as positive."

Chrysler, too, will benefit from the pact. As reported in February by Automotive News, the company was seriously shopping for more-powerful engines, especially for its hot-selling minivans.

The pact also strengthens Chrysler's position with Mitsubishi.

Even before Chrysler's financial problems, rumblings in Tokyo had Mitsubishi unhappy about what it viewed as Chrysler's less-than-aggressive marketing of its products.

For mini fires?

The Windsor fire department, protector of Chrysler's minivan assembly plant, became the first Canadian fire department to take delivery of one of the vans. The Plymouth Voyager is painted Safety Yellow.

May sales top million; best month since 1979

By Jenny L. King
Staff Writer

In spite of an upward creeping of interest rates on new-car loans, May new-car sales moved ahead at an ever-increasing pace, reaching a grand total that was the best for any month since May, 1979.

Domestic sales climbed to their highest number in more than five years, imports were up sharply compared with months earlier this year and hit their best total since May of 1979 when a record 255,495 imported cars were delivered to customers.

New-car sales topped the one-million mark in May, a feat they have not boasted since May, 1979. This year's May total was 1,046,805. Five years ago it was 1,052,503. One year ago, the grand total was 836,790.

May domestic sales of 803,273 were up 27.49 percent from 630,044 last year. Imports added to 243,532, up 17.79 percent from 206,746 and accounting for 23.26 percent of the market.

Year-to-date domestic sales were up 31.94 percent, to 3,518,700 from 2,666,877 last year. Import sales, which had been at or below 1983 levels, caught up in May bringing the five-month number to 1,006,809, up 2.89 percent from 978,500. Combined sales were up 24.14 percent, to 4,525,509 from 3,645,377.

• American Motors was the only U.S. auto maker to fall short of 1983 sales totals in May. With sales of AMC's Renault Alliance and Encore holding steady, the loss of its AMC products, Concord and Spirit, pulled it down 17.28 percent, to 15,131 from 18,291.

Giant General Motors was up 30.37 percent in May, to 493,670 from 378,677. Ford Motor Co. continued its healthy sales pace, up 30.03 percent, to 178,006 from 136,896. Chrysler was up 12.43 percent, to 94,880 from 84,391.

Volkswagen finished May with an 8.46-percent increase, climbing to 9,220 from 8,501, and Honda more than tripled its

Continued on Page 65, Col. 1

Dividend hiked, bonuses approved at annual meeting

Chrysler gives a peek at P-car

By Michelle Krebs
Financial Editor

NEW ORLEANS. — Chrysler Corp.'s P-car, originally planned as a replacement for Dodge Omni and Plymouth Horizon, will be larger and more upscale than originally planned, Chairman Lee Iacocca said.

"It won't be your garden-variety vehicle of $5,000 to $5,500," he said at a press conference following Chrysler's annual meeting here. He added that it will be something between a compact and a subcompact—and not an entry-level vehicle.

The reason for the revised planning, he said, is that car buyers no longer want cars that look small, as they did during the gas crunch.

Many decisions remain to be made regarding the P-car, including where it will be built, Iacocca said, but plans should be finalized in the fall. Chrysler plans to spend $500 million to $600 million on the P-car project.

It is planned as a 1986½ model.

He did say the P-car would be American-built, though he said he didn't know what percentage of the car would be local content.

At the same time, Iacocca said Chrysler is hesitant to discontinue production of the Horizon and Omni models, since both are selling well.

Meanwhile, he said, Chrysler is looking at a number of possibilities involving Mitsubishi, including a joint venture in the U.S. Both companies are awaiting a decision on Japanese import quotas before pressing on with a joint venture.

"It's in the cards," he said.

The No. 3 auto maker, which has had an arrangement with the Japanese car company for 14 years, announced recently it has extended its agreement through at least 1995. Iacocca said that "rolling agreement" could well roll into the year 2000.

Chrysler will import Mitsubishi's V-6 engine to replace its own 2.6-liter engine, Iacocca said. The V-6 will be used in the minivans.

The Chrysler chief added that the company is being pressed for capacity but is "gun shy" about adding a lot more.

Meanwhile, the company's strategies, including expansion of its model lineup, remain in limbo pending a decision on import quotas and the outcome of its lawsuit to block General Motors' joint venture with Toyota. Chrysler expects the lawsuit to be wrapped up before December, when the first GM-Toyota vehicle is scheduled to be produced in Fremont, Calif.

In the meantime, Chrysler is "pressed for capacity," Iacocca said. He added the Belvidere plant will remain open, whatever the decision is on production of the Omni/Horizon, and that Chrysler is "60 percent" sure the second minivan plant will be the St. Louis plant.

He also said Chrysler is considering whether to build a new factory.

• In regard to executive incentive compensation, Iacocca said decisions should be made next month on how to dole out the money to executives.

Shareholders approved by 94.6 percent a proposal on incentive compensation, and the topic drew the most comments from shareholders.

Most of the 500 attending the meeting felt Chrysler executives deserved bonuses.

One shareholder, a former Chrysler worker from New Orleans, said Chrysler executives certainly deserve it, especially since professional football players, professional basketball players and "a curly-haired break-dancer," referring to singer Michael Jackson, make as much as the executives do in total.

Iacocca said the board will use common sense and prudence in distributing incentive pay.

"I think the management team that accomplished (Chrysler's turnaround) deserves to be recognized," Iacocca said in his address to shareholders. "We intend to pay them for performance; if I'm going to ask our executives to keep working 70 hours a week to meet our ob-

Continued on Page 66, Col. 5

Would compete with Chrysler's DeTomaso and Cadillac's Callisto

Ford near decision on $30,000 sports car

By Dan McCosh
Reporter

Ford Motor Co. still has under consideration a two-seat, midengine prestige sports car in the $30,000 range by 1988, say company insiders.

It would compete with Chrysler's DeTomaso project and Cadillac's planned 2-seat Callisto built by Italy's Pininfarina, both aimed at the 1987 model year.

Although the company reportedly has given only lukewarm support to such a car, top-level executives at Ford's North American Automotive operations will be deciding soon whether to continue funding development programs for such a vehicle, and Ford has been shopping for an overseas partner to aid in design, or possibly manufacturing the car.

Ford's exoticar programs have been piquing interest of automotive buffs recently, particularly after a design staff prototype was photographed in a Florida gas station.

There also is rumored to be at least a second vehicle under consideration under the aegis of Ford's Special Vehicle Operations.

A one-off Ghia-designed project car based on the front-drive Fiesta chassis and dubbed the Barchetta also was unveiled last year in Europe, and Robert A. Lutz, executive vice president of Ford's International Automotive Operations, points out that the Barchetta was engineered to be produceable at relatively low cost.

Up to now, Ford hasn't attempted to emulate General Motors' interest in specialized sports cars such as the Corvette and Fiero, but the high visibility sought by the Cadillac and Chrysler projects likewise is tempting to Ford.

Support for the program, however, has been divided, with various groups within the company seeking the project.

The Design Staff project, code-named Cobra ME, has a significant number of structural fiberglass components and is partially a Ford exercise in use of structural composites to reduce the cost of a low-volume car.

As such, it presents one of several alternatives being considered before Ford commits to the program. Input from outside coachmakers such as Matra or Karmann also is being explored — with Latin American assembly another possibility.

Such outside sourcing has some similarities with Ford's importation of the Pantera, built by DeTomaso and sold through Lincoln-Mercury dealers in the early 1970s.

In this case, however, the role of NAAO in product engineering would be significantly greater.

Incentives don't cheer everybody

Jaguar begins buyouts of 20 pct. of dealers

By Joseph Bohn
Marketing Editor

Jaguar Cars, Inc., has begun making specific buyout offers to dealers, and some aren't too happy with the terms.

The importer in private meetings has begun offering the equivalent of a year's allocation of cars times $5,000 as an incentive for dealers to give up their franchises.

It is also offering to buy back parts equal to the dollar amount a dealer purchased this year, plus signs, tools and a lot of other so-called bric-a-brac.

Jaguar wants to terminate about 20 percent of its franchises (AUTOMOTIVE NEWS, May 21). This will enable it to increase allocations to the remaining dealers. They'll then be able to afford proper sales/service support deemed essential to Jaguar's future success, officials feel.

Jaguar had 189 dealers in the U.S. at the beginning of this year.

Michael Dale, vice president of sales and service, thinks Jaguar's offer is a good one.

"We took a lot of advice on what a fair deal was," he said, referring to NADA, AIADA and the National Jaguar Dealer Council which it consulted in formulating its offer.

To some smaller dealers, who have stuck out the lean years with British Leyland and Jaguar and whose livelihood as dealers depends on the Jaguar franchise, the offer appears less than attractive.

This is especially true since Jaguar has finally come into its own, and profit potential has never been better. Some dealers are averaging $6,000 gross profit per car, just on sales.

Jaguar's offer, which amounts to a year's gross profit, strikes them as "absolutely ridiculous."

"The benevolent English are not playing by the Marquis of Queensbury rules," said one observer.

"If you compare what we made last year to what they're offering, it's unfair, ridiculous," said an Eastern dealer. As a dual dealer, he cannot survive without both of his current makes.

"Most of our income comes from Jaguar. We'll be out of business. After you pay taxes on this money (franchise offer), what do you have left? What am I supposed to do for the rest of my life?" he lamented.

Another dealer, whose meeting was scheduled but hadn't occurred at presstime, said he'd made a sizeable investment in the franchise and "if they elect to terminate me, they'll have a helluva lawsuit."

"I suffered bad years and nightmares," he said. "If they offer me $5 million, I'll consider it. Otherwise, they can get out the Vaseline."

The fact that NADA report-

Continued on Page 69, Col. 1

A Mercedes look from a Mustang

Thoroughbred Motorcars, Redmond, Wash., offers a kit to turn Mustang II componentry into a seven-eighths-scale replica of the Mercedes 540K. The fiberglass body is a single piece. The company says the car can be made for less than $15,000.

Nissan plant fully flexible with few cars

TOKYO, — Nissan Motor Co., Ltd., has introduced a full-scale flexible manufacturing system (FMS) at an affiliate supplier in Mexico.

This is the first system of its kind to be incorporated into the manufacturing line of an auto industry supplier, Nissan said. The system, developed jointly with Toyama Machine Works, Ltd., is designed to produce a variety of models in small volumes.

As Nissan continues to internationalize its manufacturing operations, there is a greater need for the enhanced efficiency of small-volume production of different models in overseas plants.

Moreover, Nissan said, reflecting increased competition from local auto makers, it is important to launch new models in local markets with minimal delay, as well as to further improve the quality and the performance of products.

• To meet these growing demands, Nissan and Toyama Machine Works developed the FMS line. Nissan said this is a new concept that represents a departure from conventional transfer machines and single-purpose machines.

Nissan listed these major characteristics of this line:

1. The line is composed of 31 units of simplified models of numerically controlled machines that are already on the market.

2. The units that make up the line feature combined horizontal- and vertical-direction machining for greater ease of maintenance.

3. The system enables the shifting of operations to other automotive parts, thus provid-

Continued on Page 66, Col. 4

Thanks to program's critics and strong retail sales

Fleet allowances for '85 weakened

By Joseph Boha
Marketing Editor

Strong retail sales are taking some of the steam out of fleet allowance programs for 1985 models.

In announcing their new programs, General Motors and Chrysler Corp. also appear to be showing some sensitivity to critics of fleet subsidies like NADA and Ed Mullane, president of the Ford Dealers Alliance.

"Sure you take it seriously," said a GM insider of the federal anti-subsidy bill, HR-5305, now in the House of Represeniatives. "Any time the dealer organization is as polarized as they are on this one, it's serious."

He added, "With the '85 programs we announced, there isn't all that much room for the absues. The discounts aren't really that big."

Concurred Ron Pink, business manager of vehicle fleet sales for Xerox Corp.: "Market demand is so strong right now, there's less pressure by motor companies to have incentive programs as big as in previous years."

At Chevrolet, the Citation and Chevette are getting the biggest allowances. Chevrolet is offering free air conditioning or a $300 cash allowance on Citatioa.

Chevette customers can elect power steering, a custom interior and white sidewall tires or $200 in cash allowance.

Other Chevrolet cars, excluding the V-6 Camaro and V-8-equipped models, are eligible for free tilt wheel and stereo radio or $150 in cash allowances.

• Buick is offering a choice of free sport mirrors and power steering or $150 cash allowance on its Skyhawk.

The Skylark offers free air conditioning and the Consumer Protection Plan to buyers of six-cylinder engines. Additionally, if customers order the four-cylinder engine they get an extra $300 allowance.

There are no incentives on the new Buick Somerset Regal, the GM20 car.

The Century offers free stereo radio and tilt wheel or $150 in cash allowance, as does the Regal.

Chrysler seems to be pushing options this year.

For '85, it has a so-called Fleet Package on all front-drive models, excluding Caravan, Voyager and imports.

It offers air conditioning, stereo radio upgrade (from AM radio), automatic speed control and the 5-year/50,000-mile power train coverage for $760 on all lines which, it claims, ranges up to a $550 savings on "some models."

In lieu of the package, fleet buyers get $150 cash discount on the Omni/Horizon and $200 on just about all other front-drive domestic models, except for the Plymouth Caravelle/Dodge 600 four-door which gets a $400 allowance.

• The new Dodge Lancer and Chrysler LeBaron GTS come in for $200, as well.

GM seems to have experienced a bit of pull-ahead business this model year from buyers concerned about the possibility of a strike this fall.

But fleet sales generally should be very strong again in '85.

Xerox's Pink said his company planned to buy 6,000 vehicles this year — double the number in '84.

Xerox moved heavily into ans in '84 in matching vehicle types to territory rather than the driver's choice.

It bought 3,000 vehicles last year — one-third Chevrolet Celebrity wagons, one-third Ford Econoline vans and one-third Dodge Mini Ram Vans.

Drivers have reacted positively to all of them, Pink said. He added that improvements in Detroit's products, like fuel injection, have resulted in lower operating costs for his firm.

He said no decision has been made yet on what kinds of vehicles the company would buy in '85 or from whom — but he expected heavy van buying to continue.

Other big fleet buyers he's talked to, Pink added, also indicated robust buying plans for '85.

Renovation celebration

VANDALIA, Ill. — Vandalia Motor Sales here hosted an open house for about 1,000 people to celebrate its renovation.

U. S. cars up 22 pct. for March; imports slip

Month's registrations post solid gain

By Jenny L. King
Staff Writer

New-car registrations in March were up 6.77 percent over those of the preceding month and had a positive margin of 15.23 percent over March, 1983. They were the highest for the month since 1981 when domestic rebate programs swelled sales.

According to figures compiled by R. L. Polk & Co., while the market was on the rise, the imports' share of it continued to shrink, dropping to 23.80 percent this March from 28.37 percent a year ago.

Registrations for the total market added to 835,311. Of that number, 636,509 were domestics and the remaining 198,802 were imports. The U.S. cars were up 22.58 percent from 519,268 a year earlier and were up 8.26 percent from 587,946 the preceding month.

Imports were down 3.33 per-

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NEW-CAR MARKET SHARES IN U. S.

	MARCH					THREE MONTHS				
	Regis., March, 1984	Percent Share of Market	Regis., March, 1983	Percent Share of Market	Pct. Pt. Change 84 vs. 83	Regis., 3 mos., 1984	Percent Share of Market	Regis., 3 mos., 1983	Percent Share of Market	Pct. Pt. Change 84 vs. 83
Chevrolet	140,635	16.84	97,911	13.51	+ 3.33	368,832	15.60	260,970	13.82	+ 1.78
Ford	102,841	12.31	80,792	11.15	+ 1.16	300,896	12.72	214,917	11.38	+ 1.34
Oldsmobile	93,469	11.19	79,992	11.03	+ 0.16	262,516	11.10	198,892	10.53	+ 0.57
Buick	72,699	8.70	66,098	9.12	− 0.42	204,360	8.64	168,101	8.90	− 0.26
Pontiac	57,689	6.91	38,231	5.28	+ 1.63	157,660	6.67	100,698	5.33	+ 1.34
Mercury	41,517	4.97	29,828	4.11	+ 0.86	118,354	5.00	78,298	4.14	+ 0.86
Dodge	28,489	3.41	26,740	3.69	− 0.28	81,548	3.45	65,582	3.47	− 0.02
Plymouth	24,066	2.88	26,733	3.69	− 0.81	67,300	2.85	59,109	3.13	− 0.28
Chrysler	23,994	2.87	22,417	3.09	− 0.22	68,474	2.89	51,552	2.73	+ 0.16
Cadillac	23,576	2.82	23,377	3.22	− 0.40	70,077	2.96	61,604	3.26	− 0.30
AMC	15,823	1.90	19,308	2.66	− 0.76	46,972	1.99	49,403	2.62	− 0.63
Lincoln	11,693	1.40	7,792	1.07	+ 0.33	29,690	1.26	21,712	1.15	+ 0.11
GENERAL MOTORS	388,068	46.46	305,609	42.16	+ 4.30	1,063,445	44.97	790,265	41.84	+ 3.13
FORD MOTOR CO.	156,051	18.68	118,412	16.33	+ 2.35	448,940	18.98	314,927	16.67	+ 2.31
CHRYSLER CORP.	76,549	9.16	75,890	10.47	− 1.31	217,322	9.19	176,243	9.33	− 0.14
AMC	15,823	1.90	19,308	2.66	− 0.76	46,972	1.99	49,403	2.62	− 0.63
IMPORTS	198,802	23.80	205,643	28.37	− 4.57	588,130	24.87	557,780	29.53	− 4.66
MISC. DOMESTICS	18	0.00	49	0.01	− 0.01	60	0.00	250	0.01	− 0.01
TOTAL	835,311		724,911			2,364,869		1,888,868		

Automotive News analysis of new-car registrations based on R. L. Polk & Co. statistical report. New York and Oklahoma for 1984 from manufacturers' sales records. Oklahoma '83 figures not available.

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59th year — No. 5026

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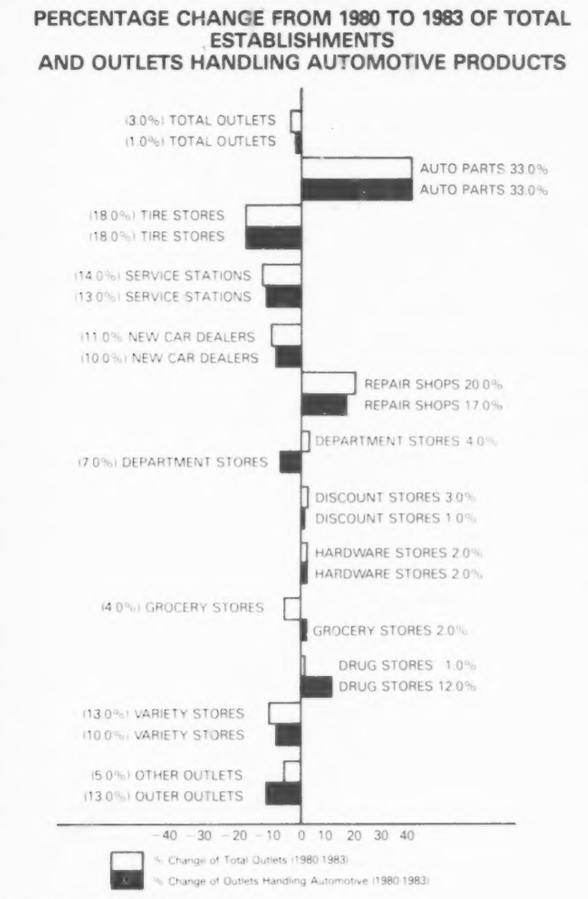
service management



Source: Automotive Parts & Accessories Assn.

Counter to trend in retail industry

Number of parts stores up

By Frank Gawronski
Service Editor

Contrary to the national trend that saw a decline in the number of stores in the retail field, the count of automotive parts outlets has increased almost 33 percent in three years, according to a study by the Automotive Parts & Accessories Assn.'s Foundation for Aftermarket Industry Research (FAIR).

The study, Retail Distribution of Automotive Products, recorded 38,000 auto parts stores in the U.S. in 1983, an increase of 9,400, since the study was first conducted in 1980, according to Pamela B. Smith, executive director of FAIR.

According to Smith, there are 1.75 million retail stores in the U.S. of which 518,700 handle some sort of automotive aftermarket product. The auto parts stores category, she said, includes chains and independents with more than half their sales volume going to retail customers.

Julian C. Morris, APAA president, credited much of the increase in auto parts stores to existing chains such as "Malone & Hyde, Perry Drug and Lucky Stores expanding or entering automotive retailing."

"This increase," he said, "is counter to the national trend that saw a drop in the number of all retail establishments.

• "Even though severe economic conditions forced closing of 58,000 retail outlets, consumers had as many places to shop for automotive products in 1983 as in 1980," Morris said.

In 1980, the survey indicates, 29 percent of the nation's retailers handled automotive items versus 30 percent in 1983.

Continuing the trend that began in the 1970s, the number of service stations kept declining, Smith said. The FAIR study found the number of stations dipped from 158,000 to 136,000 during the three-year period.

Also down, according to the study, was the number of new-car dealerships and tire stores, (see accompanying table), "evidence of the recession's severe impact upon these classes of retailers. There also were fewer variety stores handling automotive products."

"Consumers were still buying automotive products but shifting their sales to other outlets," Morris said.

The APAA survey found major gains in the number of specialty repair outlets, such as tuneup and quick lubrication shops, other repair shops, independent garages and drug stores with automotive sections. Discount, hardware and grocery stores recorded slight increases in the number of outlets handling automotive parts.

• "Drug stores have been particularly aggressive in entering the automotive aftermarket," Morris said. "Today, 30 percent of all drug stores carry some

Continued on Page 22, Col. 3

shop talk

By FRANCIS J. GAWRONSKI

K mart expands, cuts back

K mart Corp., which claims to be the second largest retailer in the world with sales of $18.6 billion, has entered a new phase of the automotive aftermarket while cutting back operations in another service area.

According to Maxwell G. Parsons, president of K mart Enterprises, the automotive and sporting goods division of the retail firm, the first K mart Auto Parts Centers in the U.S. made their debut recently at four K mart discount department stores in the Mobile (Ala.) area.

While entering the automotive parts aftermarket on a field-test basis, K mart is reducing its automotive service operations by subleasing several hundred of its service centers across the country.

Aimed at the do-it-yourself market, Parsons said the auto parts stores will stock more than 10,000 different items, all at discount prices. Among the products offered in the do-it-yourself format are carburetor kits, shock absorbers, alternators, starters, brake pads and fuel pumps.

Parsons said assistance from experienced counter personnel will be available during all center hours. As a convenience to customers, he said the centers will be open at 8 a.m. daily, with separate entrance and checkout registers. The parts centers will be "free standing

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Jaguar service to set up 18-month training cycle

By John A. Russell
New York Staff Writer

LEONIA, N. J.—Jaguar Cars, Inc., is expanding its service training program and working toward the goal of 18-month training cycles for technicians.

According to Phillip Ballingall, national service manager, while training has been conducted by the company for years, the new approach is more structured.

Dennis DeBruyn, national service training manager, termed it a "planned development program." He is putting together a group of courses which will cover the entire vehicle and then can suggest to a dealer which technicians should have specific courses.

"We will have the capacity to retrain every 18 months," he said.

Jaguar is spending five times as much on training now as in the past, he said.

DeBruyn, who recently joined Jaguar after holding a similar position with Volkswagen of America, added that he expects all courses to be in place by Oct. 1.

• The first course, a "threshhold" course, will be offered in the next few weeks and will start the cycle. This is a 4½-day course limited to new employes at a dealership and will cover such subjects as preparation - delivery - inspection and normal maintenance, according to Ballingall.

DeBruyn said the courses that follow will depend upon need and demand but there will be engine, chassis, electronics, auto transmission and climate control systems courses, among others. The length will be between two and five days. He said that all courses would be hands-on and performance-oriented.

Ballingall also said the com-

Continued on Page 34, Col. 5

Of emission-analyzer manufacturers

Pa. service stations seek probe

By Maurie H. Orodenker
Staff Correspondent

HARRISBURG, Pa. — The Pennsylvania and Delaware Service Stations Dealers Assn., representing some 2,000 dealers; the Automotive Service Council, with 1,200 members, and the Associated Retail Gasoline Dealers have asked the state's attorney general to investigate possible antitrust law violations by manufacturers of the auto emission test analyzers to be used in Pennsylvania.

The three groups of service-station operators charge the manufacturers conspired to fix the rate of their monthly service charges for the equipment to be used in the state's emissions testing program.

The manufacturers are: Bear Automotive Service Equipment Co., which operates a plant in Bangor, Pa., with its main plant in Milwaukee; Hamilton Test Systems, of Connecticut, and Allen Test Products, of Michigan. The complaint is being reviewed, according to a spokesman for Attorney General LeRoy Zimmerman.

Protector, Forsythe offer consumer product line

ELMHURST, Ill. — Protector Corp. and Forsythe Racing, of Wheeling, Ill., have announced a joint venture relationship to develop and distribute a new consumer product line called Finish First.

The Finish First product name incorporating the Protector logo made its debut on the Forsythe Racing Skoal Bandit car in the recent Indy 500. The line is comprised of a carnauba paste wax, upholstery sealant, car wash, spray 'n shine, chrome cleaner, vinyl treatment and mag wheel cleaner.

The groups claim the three manufacturers are each charging a monthly service fee of $125 to service their computerized emission analyzers, which have been approved by the state's Department of Transportation (PennDOT).

Clay Gregory, vice president of operations at the Bear plant, denied the companies agreed to the same fees. He said Bear also charges $125 for the same service to California testing stations.

He also said the services provided by the three manufacturers differ. Bear is the only one, said Gregory, that provides free replacement supplies for its testing units, making the service charge a competitive one. The free supplies include testing gas to calibrate the machine before each inspection and change of filters.

Al Joniec, sales manager for

Continued on Page 28, Col. 5

Chevy provides all-state service for new Sprint

LOS ANGELES. — Purchasers of Chevrolet's new Sprint, available initially in nine Western states, will be able to receive service on the vehicles no matter where they travel in the U.S.

According to Robert D. Burger, Chevrolet general manager: All Chevrolet dealers in the states where the Sprint is initially being sold (Alaska, Arizona, California, Hawaii, Idaho, Nevada, Oregon, Utah and Washington) will have service, parts, trained technicians and essential tools required to provide full service for the cars.

Chevrolet dealers outside the nine-state area will be able to make repairs or adjustments of a standard nature, Burger said.

In addition, at least one Chevrolet area service manager in each zone has received specialized diagnosis and repair procedures training on the Sprint and will be able to assist dealers in resolving service problems.

Each of the 35 Chevrolet zone offices outside the nine-state area will also be equipped with a full set of Sprint "essential tools" necessary for service requirements of a more specialized nature. The "Warranty and Owner Assistance Information Booklet" in each vehicle contains the phone numbers and addresses of zone offices.